

Internal Revenue Service  
P.O. Box 2508  
Cincinnati, OH 45201

Department of the Treasury

Number: 201002045  
Release Date: 1/15/2010

Date: October 20, 2009

Employer Identification Number:

Contact Person - ID Number:

Contact Telephone Number:

LEGEND

UIL 4945.04-04

M = Name of Organization  
N = Name of Scholarship Program  
P = State in which Organization is Incorporated  
Q = Region in which Organization is Located  
x = Amount of Scholarships Awarded Annually  
y = Amount of Scholarship  
z = Amount of Scholarship

Dear \_\_\_\_\_ :

We have considered your request for advance approval of your grant-making program under section 4945(g)(1) of the Internal Revenue Code, dated June 22, 2009.

Our records indicate that M was recognized as exempt from Federal income tax under section 501(c)(3) of the Code and that it is classified as a private foundation as defined in section 509(a).

Your letter dated August 6, 2009 indicates that M will operate a grant-making program, called N.

The purpose of M is to provide grants to eligible 501(c)(3) organizations and individuals located in southwest P that promote the ideals and principles of hospice care.

The purpose of N is to provide scholarships to support persons pursuing education in a hospice-related field. These scholarships provide additional funding to help students with qualified educational expenses, such as books, supplies, and equipment needed to pursue their educational goals.

The criteria to determine eligibility for the grants are:

- The individual must have at least a high school degree.
- The individual must be pursuing a degree or certification from a recognized institution of higher learning in an area that will uniquely promote the principles of health care.
- The individual must plan to remain in the Q region for two (2) years after graduation or certification to provide hospice programs and services.

- The individual must complete a scholarship application form.

Recipients are selected based on the eligibility criteria listed above. In addition, academic performance, desire to work in the hospice field, and a strong reference regarding the student's commitment to the program are criteria used to select recipients. The following items should be included as part of a student's completed application form:

- The individual must include a copy of his/her latest high school or college transcripts.
- The individual must include the name and phone number for a personal or professional reference.
- The individual must include proof of acceptance into an accredited college, professional school, or training program.
- The individual must include a schedule of student fees and/or estimated expenses (usually provided by the school).

The number of scholarships awarded is dependent upon grant requests received and funds available. The average total dollar amount of grants awarded annually is x. The average amount of each scholarship is estimated at between y and z dollars.

Potential recipients must submit an application form and provide the supporting documentation listed above to be considered for a grant. Scholarship recipients are selected through a vote of the board members of M. The Board Chair of M can appoint a committee if deemed necessary for the purpose of interviewing and recommending applicants. As part of the program, neither relatives of members of the selection committee nor relatives of M's board of directors are eligible for grants.

The grant recipient must meet the following requirements in order to receive funding from M.

- The recipient must provide to M semi-annual copies of transcripts and a letter from the advisor/director of the program as to the progress of the recipient.
- The recipient must also provide an annual summary of what he/she has learned in regards to hospice care and how it relates to his/her career goals.
- Following certification or degree, the recipient is expected to provide services, programs, and support to hospice patients in the Q region. A semi-annual report is required for two (2) years, outlining the activities, hours, and location of such programs provided.

M maintains records and case histories showing the recipients of its scholarships, including names, addresses, purposes of awards, amount of each grant, manner of selection, and relationship (if any) of recipients to officers, trustees, or donors of funds. The payments from M are made directly to the institution in which the recipients are enrolled, which will apply the grant funds only for enrolled students who are in good standing. M will take reasonable and

appropriate steps to seek refund and/or repayment if the conditions of the awards are not met.

Sections 4945(a) and (b) of the Code impose certain excise taxes on "taxable expenditures" made by a private foundation.

Section 4945(d)(3) of the Code provides that the term "taxable expenditure" means any amount paid or incurred by a private foundation as a grant to an individual for travel, study, or other similar purposes by such individual, unless such grant satisfies the requirements of subsection (g).

Section 4945(g) of the Code provides that section 4945(d)(3) shall not apply to individual grants awarded on an objective and nondiscriminatory basis pursuant to a procedure approved in advance if it is demonstrated that:

- (1) The grant constitutes a scholarship or fellowship grant which is subject to the provisions of section 117(a) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii);
- (2) The grant constitutes a prize or award which is subject to the provisions of section 74(b), if the recipient of such prize or award is selected from the general public, or
- (3) The purpose of the grant is to achieve a specific objective, produce a report or similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar capacity, skill, or talent of the grantee.

Section 53.4945-4(c)(1) of the Regulations provides that to secure approval, a private foundation must demonstrate that:

- (i) Its grant procedure includes an objective and nondiscriminatory selection process;
- (ii) Such procedure is reasonably calculated to result in performance by grantees of the activities that the grants are intended to finance; and
- (iii) The foundation plans to obtain reports to determine whether the grantees performed activities that the grants are intended to finance.

Based on the information submitted and assuming your award programs will be conducted as proposed with a view to provide objectivity and nondiscrimination in making the awards, we have determined that your procedures for granting the awards comply with the requirements contained in section 4945(g) of the Code and that awards granted in accordance with such procedures will not constitute "taxable expenditures" within the meaning of section 4945(d)(3).

This determination is conditioned on the understanding that there will be no material change in the facts upon which it is based. It is further conditioned on the premise that no grants will be awarded to foundation managers, or members of the selection committee, or for a purpose that is inconsistent with the purpose described in section 170(c)(2)(B) of the Code.

The approval of your award program procedures herein constitutes a one-time approval of your system standards and procedures designed to result in awards which meet the requirements of section 4945(g)(1) of the Code. This determination only covers the grant programs described above. Thus, approval shall apply to subsequent award programs only as long as the standards and procedures under which they are conducted do not differ materially from those described in your request.

Any funds you distribute to individuals must be made on a true charitable basis in furtherance of the purposes for which you are organized. Therefore, you should maintain adequate records and case histories so that any or all award distributions can be substantiated upon request by the Internal Revenue Service.

This determination is directed only to the organization that requested it. Section 6110(j)(3) of the Code provides that it may not be used or cited as a precedent.

You must report any future changes in your grant making procedures. Please keep a copy of this letter in your permanent records.

We have sent a copy of this letter to your representative as indicated in your power of attorney.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

Robert Choi  
Director, Exempt Organizations  
Rulings and Agreements